

APPROPRIATIONS ANALYSIS

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CONTINUING RESOLUTION FOR FISCAL YEAR 2008 SET-UP FOR THE SPENDING SHOWDOWN

20 September 2007

With the start of the new fiscal year at hand, and no appropriations conference reports passed, the Democratic leadership is posturing for a November spending confrontation with the President. The next move toward that endgame will occur next week, when the majority brings up a continuing resolution [CR] to run through at least the end of October. Because the CR is a temporary, stopgap measure, it should be as prudent and “clean” as possible.

The eventual showdown is likely because the House and Senate have agreed to discretionary spending levels for fiscal year 2008 that exceed the President’s request by a total of \$21 billion, as reflected in appropriations bills passed by the House (see Table 1 below). The House-passed bills also shifted about \$3.5 billion from defense to domestic spending. The President indicated he will veto spending bills – or an omnibus appropriations measure – that exceed his recommended level of \$933 billion (excluding emergency spending). Of the 12 House-passed bills, nine have earned veto threats.

Table 1: Cumulative Cost of House-Passed Appropriations Bills
(fiscal years; discretionary budget authority in billions of dollars)

	Fiscal Year 2008 Budget Authority	Fiscal Year 2008 President's Request	Dollar Increase Over President	Increase Over 2007 Enacted ^c
302(a) Allocation	954 ^a	933	21	81
Agriculture	19	18	0.9	1.0
Commerce-Justice-Science	54	51	2.3	3.2
Defense	459	463	-3.5	39.7
Energy and Water	32	30	1.1	1.3
Financial Services	21	22	-0.2	1.9
Homeland Security	36	34	2.0	4.4
Interior	28	26	1.9	1.2
Labor, HHS, Education	152	141	10.8	7.2
Legislative Branch	4	4	-0.3	0.3
MilCon/VA	65	61	4.0	15.0
State, Foreign Operations	34	35	-0.7	3.0
TTHUD	41	48	2.8	3.2
Total House-Passed to Date	954	933	21	81

Note: Figures exclude emergencies.

^a Includes cap adjustment

^b Excluding Senate

^c 2007 figures are not rebaselined

Before the summer recess, the House had passed all 12 of its spending bills, while the Senate had passed just one: Homeland Security. Since then, the Senate has passed Military Construction/Veterans Affairs and Transportation/Housing and Urban Development. In addition,

the Senate-passed bills include more than \$3 billion in emergency-designated spending for border security, bridges, and political conventions. No conferences on appropriations have been held on these bills, and no conferees have been named. It is expected that the Defense Appropriations bill will pass the Senate next week.

Rather than conference the bills that have passed prior to the start of fiscal year 2008 (which begins on 1 October), the Democratic leadership has decided to craft a CR for the entire government that will last through October.

As noted above, the CR is a temporary measure, so it should not become a vehicle for extraneous spending or legislation. With that in mind, the following principles should be observed:

- **Spending Level.** The CR should be at the regular 2007 enacted level.
- **One-Time Spending.** It should not include one-time spending from 2007.
- **Emergency Spending.** It should not include non-recurring emergency spending, or new emergency spending.
- **Non-Germane Components.** The CR should be “clean”: it should not act as a vehicle for non-germane legislation, such as the Farm Bill, or the reauthorization of the State Children’s Health Insurance Program.
- **Other Legislative Language.** It should carry only true legislative anomalies (such as extending expiring authorities for programs such as Military Personnel, the Iraq Freedom Fund, and District of Columbia).